

July 15, 2024

**Micro Lending Project for Refugees in
Ongata Rongai Town, near Nairobi, Kenya**

**Sponsored by
Rotary Club of Karengata, Kenya, and
Rotary Club of San Diego, California**

Introduction

The main objective of this grant is to boost urban refugees economically through micro credit project within Ongata Rongai and its environs. This goal will be achieved through giving the refugees capital to start new business or to grow existing ones. This project objective is in line with the Rotary area of focus on economic and community development.

Rotary Club of Nairobi Karengata will implement the project in collaboration with Alliance for African Assistance Kenya as the cooperating organization.

Community's Need

In Kenya today, and with the current harsh economic times, most of the refugees and local community members cannot afford bank and other micro-credit lending interest rates and other conditions. These lending conditions limit the accessibility of quick loans to either start a business or manage existing ones. Refugees, most of whom are barred from taking bank facilities, and many Kenyans as well are listed negatively with Credit Reference Bureaus (CRBs) and most financial institutions cannot avail credit facilities to individuals who are negatively listed on CRBs.

Most of the refugees are ardent businessmen and women but unfortunately the displacement and the challenges it brings have made it difficult for them to start their own businesses again in the new country. Majority who are working in various businesses are doing so as casual employees who are mostly taken advantage of as they work without contractual agreements.

Other challenges experienced by refugees is that they are not able to put up businesses on their own because they are not able to register with the government due to lack of legal documents required to register businesses in Kenya for instance KRA Pin Numbers. However small level businesses do not need a lot paper work from the government and are easily manageable by refugees

Many refugees do not have skills to enable them to acquire casual jobs nor work permit to aid them in accessing formal employment. Those who are lucky to have menial jobs are exploited and discriminated in various ways by their employers or other workers and with no option many are doing hard menial jobs with very minimal returns.

Lack of capital to start individual businesses is another challenge the refugees face. With no income, they are not able to raise capital individually to start small scale businesses. This also

affects refugee's efforts to fend for themselves and meet their day-to-day needs including food, rent, medical care, and school fees for their children among other needs. As a way of survival, they rely on relief and donations from their families living abroad which are not sustainable.

Project Description

Rotary club of Nairobi Karengata will engage urban refugees in Rongai and its environs in micro lending project through the collaboration of Alliance for African Assistance.

The project entails lending the refugees business loans to start new businesses or grow their existing businesses. The loan will be granted to refugees and Kenyan citizens who are part of existing organized groups with a ratio of 70% and 30% members respectively. The loan beneficiaries are expected to come up with a business plan on how to effectively utilize the loans and undertake a profitable business of their choice with the support. The refugees will be expected to utilize 100% of the loans granted towards their business. To minimize the risk of failure, the project will work with members within registered groups rather than individuals.

The project will provide the beneficiary groups with business training and financial literacy skills. At the same time, RC of Nairobi Karengata will undertake continuous monitoring and evaluation of the progress of the businesses on case-by-case basis.

All the business that will be supported will be expected to operate in Ongata Rongai sub county for easy access and supervision of the groups.

Objectives

1. To improve living standards of refugees by engaging them in income generating activities
2. To enhance financial literacy levels of the project beneficiaries
3. To provide affordable loans to groups led by refugees

Implementation Strategy

The implementing organization will send out a call for expression of interest indicating the criteria for the targeted groups.

The groups that will express interest will undergo an interview using the participant targeting tool which will help identify vulnerable refugees within Ongata Rongai and its environs who will benefit from the micro lending project. The groups will range from women groups, boda boda riders, youth groups and refugees led groups.

The tool will help the organization to identify and shortlist 7 beneficiary groups that meets the threshold to be targeted by the project.

The project will work with groups that have been existing for one year or more whose members know each other well in a way they can guarantee each other loans. The implementing organization

will work with group leaders of the selected groups. After successful identification of beneficiary groups, the selected groups will undergo business training on how to prepare and maintain business records.

During the training, the modalities of loan management and reimbursements will be developed, and agreement signed between the implementing organizations and the beneficiary groups. Upon completion of the business training, the disbursement of loans will be made to the groups.

Beneficiary groups will be provided with inexpensive loans which they will be required to refund at a monthly interest rate agreed upon during the initial business training and as stipulated in the agreement.

The implementing organization will open a separate bank account where the groups will deposit interest on loans on weekly or monthly basis. Taking advantage of the advanced digital technology, the project will provide payment details to the small business owners to be able to deposit the repayments installments at the comfort of their business spaces.

Expected Results

1. Improved living standards of the refugees within Rongai
2. Financial independence of the project beneficiaries
3. Diversified businesses initiatives by refugees
4. Improved knowledge and skills in business management among project beneficiaries
5. Increased number of businesses owned by refugees' groups
6. Relationship between the refugees across different ethnic groups will be strengthened

Project Activities

1. Identification of the project target groups
2. Training on business skills and financial literacy
3. Preparation and signing of group MOUs and loan agreements
4. Disbursement of group loans
5. Monthly visits for monitoring and evaluation
6. Follow up meetings every 3 months with all beneficiary groups
7. Preparation of quarterly progress reports for donor reporting

M&E

RC of Nairobi, Karengata will administer continuous monthly monitoring and evaluation of the groups progress and will provide advise based on the findings of the group business records. The implementing organization will compile monthly status report of the group's businesses

Sustainability

This fund is intended to be an affordable revolving fund. The repaid loans will be used to advance to other groups thus expanding its impact over time. The implementing organization will continue to train groups on financial literacy and group cohesion hence reducing the risk of loss on the side of the group members business undertaking.

Budget

The project budget is **Kshs 650,000 (\$5,000 US Dollars)**

Rotary Club of Karengata, Kenya is seeking \$2,500 from San Diego Rotary Club, to be matched 1:1 by a District Grant of \$2,500 from Rotary District 5340. No funds will be used for administrative or management costs. The implementing partner—Alliance for African Assistance-Kenya--will insure that all funds go to loans to members of micro-lending groups.

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